

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday June 23, 1977

CG NIDC 77-145C

NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Thursday, June 23, 1977.

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The NID Cable is for the purpose of informing senior US officials.

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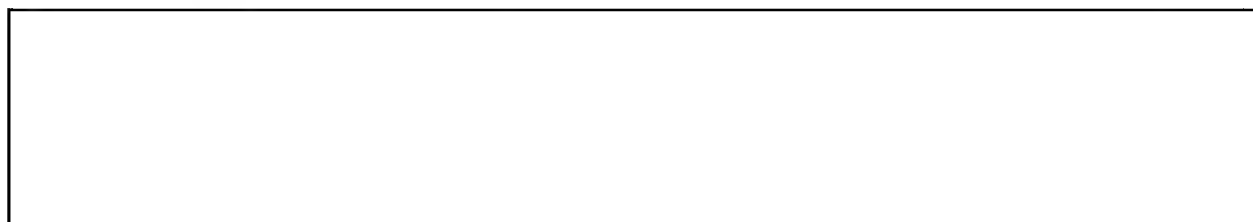
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SAUDI ARABIA: Jidda Water Crisis

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USSR: Agreements with US Companies

[redacted] The USSR is showing renewed interest in cooperative research and development agreements with US companies under Article 4 of the US-Soviet agreement on science and technology. Three protocols between US companies and the USSR State Committee for Science and Technology were signed in April, and two more will be soon. The agreements are in the fields of steam generation and nuclear engineering, oilfield equipment, and food processing.

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[redacted] Last year, committee officials indicated disappointment with the amount of technology the USSR was gaining through such agreements. They said they had orders not to sign any cooperative research agreement that did not contain specific contractual obligations. As a result, few new agreements were reached in 1976; 56 were in effect at the end of 1975.

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[REDACTED] In most cases, research and development agreements have been cooperative in name only because the Soviets have had no suitable related technology to exchange for the US technology they want. US companies have been reluctant to provide the technology desired because they regard Soviet compensation offers as unsatisfactory. The USSR, for example, suggested providing Soviet products as compensation, but these products generally are not competitive in Western markets.

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[REDACTED] In some cases, the Soviets proposed establishing joint ventures in the USSR using US technology, but US companies rejected this because of Soviet restrictions on foreign ownership of production equipment and property. Compensation in the form of Soviet raw materials or semifinished products is often unattractive to US companies because of potential resale problems.

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[REDACTED] Despite Soviet assertions to the contrary, they did obtain some access to US technology through the earlier cooperative research agreements, even if only by participating in technical discussions. The Soviets may have thought that their refusal to sign additional agreements under Article 4 would put pressure on both the US government and US companies to release more technology under conditions favoring the USSR. The recent resumption of agreements may represent tacit acknowledgement that such tactics failed.

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SAUDI ARABIA: Jidda Water Crisis

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[] Jidda, the largest city in Saudi Arabia, is experiencing a severe water shortage because of continuing drought, increased demand for water, and lagging expansion of desalination capacity.

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[] The official price for drinking water is 14 cents per gallon--one cent more per gallon than regular gasoline. Black market prices for drinking water already have soared to \$1 or more per gallon despite official price controls.

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[] In addition to price controls, officials are restricting usage; public water is only available on alternate days. The shortage probably will continue into September. Soft drinks and milk already are in short supply, and one of the local hospitals was recently without water for two days.

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[] The Saudi government is largely responsible for the current water problems. Desalination projects have not kept pace with local demand, and many of the programs under way have been hampered by bureaucratic infighting and delays. During a similar shortage in 1975, several small desalination units were airlifted to Jidda. The Saudis probably will have to do this again soon to avert a major threat to public health and safety.

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